

Supervisory Board Report

Wolford AG is reporting on another eventful financial year, which the Supervisory Board followed closely. At the end of July COO Andrew Thorndike and the Supervisory Board unanimously terminated Andrew Thorndike's Management Board mandate effective July 31, 2022. As of August 1, 2022, Paul Kotrba was appointed as a new member of the Management Board on an interim basis to allow the Supervisory Board to carry out the appointment process for a new Management Board member. At the end of September, it was announced that the procedure for carrying out a capital increase would be started in order to provide the company with additional equity. At the end of November, Ralf Polito was appointed by the Supervisory Board as a member of the Management Board for 2 years with effect from July 1, 2023. On December 1, 2022, the extraordinary Annual General Meeting of Wolford AG reduced the company's share capital of €48,848,227 million to €32,251,924 million by way of a simplified capital reduction and resolved to increase the share capital to up to €48,377,884.80 by issuing up to 3,359,575 new no-par value shares while safeguarding subscription rights. The issue price of the new shares was set at €6.00 per share. On February 8, 2023, it was announced that 2,934,515 new shares had been subscribed for in the subscription offer through the exercise of subscription rights. The company thus received additional capital in the amount of approximately €17 million.

The management of Wolford AG continues to work hard on measures to increase sales and earnings. While it was possible to increase sales by 16%, earnings unfortunately remained negative in the past financial year.

MEETINGS OF THE SUPERVISORY BOARD COMMITTEES IN THE 2022 FINANCIAL YEAR

In the period under review, the Supervisory Board held four meetings with the Management Board to discuss in detail all significant events and developments, the company's business situation, and the implementation of the measures introduced to cut costs and increase sales. At all of these meetings and in its regular reporting, the Management Board provided the Supervisory Board with detailed information about the business and financial situation of the Group and its investments, as well as providing additional information about special developments.

The individual committees of the Supervisory Board dealt with specific topics in greater detail and subsequently reported to the full Supervisory Board. The Supervisory Board Presidium obtained ongoing reports from the Management Board on the latest business developments. The Audit Committee met four times, while the Marketing and Strategy Committee met once. All meetings of the committees and the Presidium were attended by all of their respective members. The composition and responsibilities of the

committees are presented in the Corporate Governance Report. The criteria governing performance-related remuneration for the Management Board, the principles underlying retirement benefits, and the claims arising upon termination of employment are listed in the Remuneration Report, where the remuneration of the Management and Supervisory Board members is also disclosed on an individual basis, and which will be submitted to the vote of the Annual General Meeting.

In the past financial year, the Supervisory Board placed significant emphasis on discussing measures to stabilize sales and earnings.

The Presidium meetings primarily discussed strategic, structural and organizational measures that are needed for stabilization of the business and returning it to profitability.

On February 8, 2022, the Marketing and Strategy Committee met and dealt mainly with the marketing plan for 2022 and the collection strategy.

To discuss the annual financial statements for the 2021 financial year, the Audit Committee called in the auditor at its meeting on May 24, 2022/June 14, 2022, who also presented a management letter and discussed the main findings with the members of the Audit Committee. At its subsequent meeting, the Supervisory Board discussed and approved the annual financial statements of Wolford AG, reviewed the consolidated financial statements, the Management Report, the Non-financial Report, and the Management Board proposal for the appropriation of profit, while also approving the Supervisory Board's report to

the Annual General Meeting. Furthermore, the Supervisory Board agreed a proposal to the Annual General Meeting for the election of the auditor and set the agenda for the 2022 ordinary Annual General Meeting.

Prior to the 35th Annual General Meeting, on July 19, 2022, the Management Board reported to the Supervisory Board on the company's latest business performance, and on the progress of the implementation of its Northstar corporate strategy.

At the Annual General Meeting on July 20, 2022, David Chan, Shang Koo and Chenling Zhang were elected as new members of the Supervisory Board. At its subsequent constituent meeting, the Supervisory Board elected David Chan as Chair and Thomas Dressendörfer as Deputy Chair.

At its meeting on September 20, 2022, the Audit Committee dealt, among other things, with current business development, the first half of 2022, and the first draft of the 2023 budget. In the subsequent Supervisory Board meeting, the main items on the agenda were the Northstar and Spacer strategy topics, the collection overview based on the new strategy, and marketing agendas. In the Supervisory Board meeting of December 1, 2022, the auditor gave an overview of the focal points of the upcoming audit of the annual financial statements. Furthermore, the Management Board reported on the current business development and provided an outlook for the 2023 financial year. Another major topic of the meeting was the determination of the budget for the 2023 financial year.

The annual financial statements and Management Report of Wolford AG and

the consolidated financial statements prepared in accordance with IFRS as of December 31, 2022, were audited by Grant Thornton Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, and provided with an **unqualified** audit opinion.

All documents relating to the financial statements, the Management Board proposal for the appropriation of profit, and the Auditors' Reports were discussed in detail with the auditor at the Audit Committee meeting on **April 11, 2023**, and presented to the Supervisory Board at its subsequent meeting together with the Management Reports prepared by the Management Board, the Corporate Governance Report, and the Non-financial Report.

The Supervisory Board reviewed these documents as required by Section 96 of the Austrian Stock Corporation Act and concurred with the audit findings. The Supervisory Board approved the annual financial statements, which are therefore formally adopted in accordance with Section 96 (4) of the Austrian Stock Corporation Act. Furthermore, the Supervisory Board also approved its report to the Annual General Meeting and its proposal for the election of the auditor for the 2023 financial year.

David K. Chan
Supervisory Board Chair
Bregenz, April 2023

WOLFORD'S MANAGEMENT

